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Argentina

Citrus

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Report Highlights:

Citrus production is expected to fall 25 percent in CY 2003 as a result of unfavorable weather conditions in the two main production areas of Argentina. Citrus exports are expected to increase slightly in CY 2003. Less production will prevent exports of the four varieties from taking full advantage of the high exchange rate. Domestic consumption will continue to decline as exporters push prices up in the context of a poor domestic economy. Citrus imports are forecast to continue weak and only long-term contracts are expected to continue in CY 2003. The high exchange rate makes it currently impossible for foreign commodities to compete with Argentine domestic product.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Semi-Annual Report
Buenos Aires [AR1], AR

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Section I: Situation and Outlook

Production

Industry sources reported that a 25 percent drop in citrus production is expected for CY 2003. A long drought at blossom in northwestern Argentina provoked losses in most lemon and grapefruit orchards. Lemon and Grapefruit productions are expected to fall 20 and 10 percent respectively. In addition, a late frost in northeastern Argentina harmed many orange and tangerine plantations. Oranges and Tangerines were the most affected crops where losses are reckoned to be between 30 and 40 percent.

Table 1: Citrus Production in Metric Tons

Fruit	CY 2001	CY 2002	CY 2003*
Orange	913,500	774,000	540,000
Tangerine	501,000	464,000	290,000
Lemon	1,217,000	1,313,000	1,050,000
Grapefruit	177,100	175,000	150,000
Total	2,808,600	2,726,000	2,030,000

Source: The Argentine Citrus Federation (Federcitrus) *Estimated

Table 2: Planted area in hectares

Fruit	CY 2001	CY 2002	CY 2003*
Orange	61,000	57,800	58,000
Tangerine	38,923	39,470	40,000
Lemon	44,357	44,751	45,000
Grapefruit	12,259	13,500	14,000
Total	156,230	155,521	157,000

Source: The Argentine Citrus Federation (Federcitrus) *Estimated

Domestic Consumption

Citrus consumption fell 12 percent in CY 2002. The two more affected varieties were lemons (27 percent) and oranges (17 percent). Post expects domestic consumption to continue to be depressed in CY 2003 as no sign of recovery from the current economic recession is foreseen at the moment. Also, with a 24 percent decline in production in CY 2003 and most of the high-quality produce going to the export market, less fruit is expected to be available for the domestic market in CY 2003 which will push the domestic price up. With wages still frozen for the wide range of working class-consumers, domestic consumption is expected to go down to 16.8 Kg. per capita, a 32 percent fall with respect to CY 2002.

Table 3: Per Capita Domestic Consumption

Variety	CY 2001	CY 2002	CY 2003*
Oranges	14.33	11.77	8.35
Tangerines	9.31	9.18	5.5
Lemons	2.66	1.93	1,0
Grapefruits	1.83	1.98	1.95
Total	28.13	24.86	16.8

Source: The Argentine Citrus Federation (Federcitrus)

*Estimated

Trade

The most important recent development for the Argentine citrus trade is the achievement of clearance to export to Japan. This agreement was signed in April 2003 after 13 years of negotiations. While too late to have much impact on the 2003 shipping season (May-Sep), high quality exports are expected to expand significantly next year. Industry analysts estimate that 2003 exports to Japan will reach no more than 4,500 MT for fresh lemons and 1,800 MT for fresh grapefruits for a total value of \$4 million. The agreed price for lemons is one dollar FOB per kilo. That is more than twice the average FOB price received by Argentine exporters in 2002. Argentina's goal for 2004 is to attain a steady \$20 million in exports of citrus to Japan per year.

The U.S. is likely to be one of the countries most affected by this development since the U.S. ships to Japan 12 months per year. Due to the higher price of its fruit (\$1.6 per kilo in 2002) the U.S. is expected to lose significant market share to Argentina in 2004 (perhaps up to 30 percent) during Argentina's major shipping period (May-July). Regarding other competitors, the similar cost and quality of South African and Argentine lemons will also place these two countries in hot competition for the Japanese market. Chile, which enjoys both a geographic and quality advantage (no cold treatment required), is expected to maintain its market share.

Total citrus exports in CY 2002 fell slightly to 401,953 MT compared with the 412,682 MT exported in CY 2001. Exports in CY 2003 are expected to grow moderately compared with the previous season. The weather related decline in production and the lack of any new significant market for Argentine citrus will offset the extraordinarily favorable rate of exchange resulting in an increase of not more than three percent in citrus exports in CY 2003. However, the inclusion of Japan as a new market is expected to render large benefits for CY 2004 and beyond.

Table 4: Citrus Exports

Fruit	CY 2001		CY 2002		CY 2003*
	Volume (MT)	Value (US\$)	Volume (MT)	Value (US\$)	Volume (MT)
Oranges	106,941	40,678,148	83,951	17,577,548	90,000
Tangerines	36,701	22,526,545	45,547	17,498,203	46,000

Lemons	244,952	108,807,258	249,647	80,569,697	255,000
Grapefruits	24,088	9,780,442	22,420	6,367,974	22,000
Total	412,682	181,792,393	401,565	80,569,697	413,000

Source: The Argentine National Institute for Statistics (INDEC)

*Estimated

The main destination for the Argentine citrus is the EU accounting for 67 percent (270,586 MT) of the total exports in CY 2002. Russia has emerged as another important destination with 14 percent of the exports (56,127 MT) in CY 2002. Canada follows with the 4.3 percent (17,437 MT).

Very few imports were registered in CY 2002 as a consequence of the extremely high rate of exchange which made it almost impossible for imported citrus to compete with Argentine domestic products. Therefore, an import recovery is not expected in CY 2003 although some little increase is foreseeable for grapefruits, oranges and tangerines imports.

Table 5: Citrus Imports in metric tons

Fruits	CY 2001		CY 2002		CY 2003*
	Volume (MT)	Value (US\$)	Volume (MT)	Value (US\$)	Volume (MT)
Oranges	6,533	3,468,542	250	131,773	300
Tangerines	349	247,800	48	35,158	100
Lemons	322	316,264	0	0	0
Grapefruits	5,713	2,909,691	929	397,280	1600
Total	12,917	6,942,297	1227	564,221	2000

Source: The Argentine National Institute for Statistics (INDEC)

*Estimated

Policy

Import tariffs and regulations: No changes in the Argentine trade policy have been registered since the last annual report (AR2068 - November 26, 2002). Nevertheless, imports are undergoing some difficulties due to the application of the SENASA resolution 816/02. Imports of fresh fruits, however, have not been reported to be affected by the enforcement of this new regulation. Resolution 816/02 states that the Argentine phytosanitary authority (SENASA) reserves the right to inspect all kinds of facilities and the foreign food safety system prior an export to Argentina takes place. This regulation is being enforced and some minor imports for the U.S. are being delayed because of it.

Packaging restrictions: SENASA' resolution 19/02 states that all wooden packaging (cases, pallets, etc) used to contain imported products must be free of live insects, stripped of bark and free of marks produced by insects. SENASA inspectors enforce this regulation and have the right to detain, disinfect and/or destroy any wooden packaging that is found to have one of the above mentioned conditions.

Factors affecting industry structure

New USDA-APHIS Pest Risk Assessment (PRA) for Citrus Canker: On February 10-14, 2003 an APHIS technical team visited Argentina in order to carry out a new PRA on citrus plantations (mainly lemons) in north-western Argentina. The agreement on a new phytosanitary protocol between the two countries would allow Argentina to regain one of its most important markets. Argentina exported 17,600 MT of lemons in CY 2001. Together with Japan, the U.S. pays higher prices than the rest of the world.

Prices

Table 6: Export prices for fresh citrus fruits in US dollar per kilo.

FOB Prices 2002				
	Oranges	Tangerines	Lemons	Grapefruits
Jan-2002	\$0.04	\$0.00	\$0.04	\$0.00
Feb-2002	\$0.03	\$0.43	\$0.39	\$0.00
Mar-2002	\$0.03	\$0.46	\$0.34	\$0.19
Apr-2002	\$0.02	\$0.41	\$0.00	\$0.30
May-2002	\$0.20	\$0.39	\$0.33	\$0.29
Jun-2002	\$0.27	\$0.36	\$0.32	\$0.28
Jul-2002	\$0.26	\$0.36	\$0.32	\$0.26
Aug-2002	\$0.24	\$0.34	\$0.32	\$0.21
Sep-2002	\$0.19	\$0.25	\$0.31	\$0.23
Oct-2002	\$0.05	\$0.22	\$0.33	\$0.00
Nov-2002	\$0.09	\$0.02	\$0.28	\$0.00
Dec-2002	\$0.00	\$0.00	\$0.24	\$0.00
Annual Average	\$0.12	\$0.27	\$0.27	\$0.15

Source: The Argentine National Institute for Statistics (INDEC)

FOB Prices 2003				
	Oranges	Tangerines	Lemons	Grapefruits
Jan-2003	\$0.00	\$0.00	\$0.00	\$0.00
Feb-2003	\$0.00	\$0.40	\$0.00	\$0.00

Table 7: Wholesale domestic prices in Argentine US dollar per Kilo

Oranges	CY 2000	CY 2001	CY 2002	CY 2003
January	\$0.61	\$0.28	\$0.12	\$0.18
February	\$0.75	\$0.24	\$0.09	\$0.26
March	\$0.72	\$0.27	\$0.13	\$0.25
April	\$0.59	\$0.27	\$0.10	\$0.00
May	\$0.36	\$0.33	\$0.09	\$0.00
June	\$0.28	\$0.27	\$0.10	\$0.00
July	\$0.27	\$0.22	\$0.09	\$0.00
August	\$0.25	\$0.21	\$0.08	\$0.00
September	\$0.27	\$0.20	\$0.09	\$0.00
October	\$0.35	\$0.21	\$0.11	\$0.00
November	\$0.43	\$0.18	\$0.15	\$0.00
December	\$0.43	\$0.19	\$0.20	\$0.00
Average	\$0.44	\$0.24	\$0.11	\$0.00

Source: The Argentine National Institute for Statistics (INDEC)

Tangerines	CY 2000	CY 2001	CY 2002	CY 2003
January	\$0.36	\$0.28	\$0.21	\$0.21
February	\$0.53	\$0.38	\$0.19	\$0.18
March	\$0.39	\$0.33	\$0.11	\$0.20
April	\$0.30	\$0.25	\$0.08	\$0.00
May	\$0.25	\$0.24	\$0.10	\$0.00
June	\$0.22	\$0.20	\$0.10	\$0.00
July	\$0.25	\$0.19	\$0.10	\$0.00
August	\$0.27	\$0.21	\$0.09	\$0.00
September	\$0.35	\$0.21	\$0.10	\$0.00
October	\$0.42	\$0.19	\$0.11	\$0.00
November	\$0.34	\$0.22	\$0.14	\$0.00
December	\$0.33	\$0.29	\$0.19	\$0.00
Average	\$0.33	\$0.25	\$0.13	\$0.00

Source: The Argentine National Institute for Statistics (INDEC)

Lemon	CY 2000	CY 2001	CY 2002	CY 2003
January	\$0.43	\$0.31	\$0.32	\$0.16
February	\$0.53	\$0.36	\$0.23	\$0.21
March	\$0.41	\$0.36	\$0.15	\$0.22
April	\$0.27	\$0.34	\$0.11	\$0.00
May	\$0.25	\$0.29	\$0.09	\$0.00
June	\$0.21	\$0.25	\$0.08	\$0.00
July	\$0.19	\$0.24	\$0.08	\$0.00
August	\$0.20	\$0.23	\$0.08	\$0.00
September	\$0.22	\$0.23	\$0.08	\$0.00
October	\$0.27	\$0.22	\$0.11	\$0.00
November	\$0.29	\$0.22	\$0.13	\$0.00
December	\$0.28	\$0.27	\$0.14	\$0.00
Average	\$0.30	\$0.28	\$0.13	\$0.00

Source: The Argentine National Institute for Statistics (INDEC)

Grapefruit	CY 2000	CY 2001	CY 2002	CY 2003
January	\$0.59	\$0.37	\$0.14	\$0.28
February	\$0.71	\$0.37	\$0.13	\$0.39
March	\$0.53	\$0.31	\$0.15	\$0.19
April	\$0.36	\$0.24	\$0.10	-
May	\$0.29	\$0.24	\$0.10	-
June	\$0.27	\$0.27	\$0.10	-
July	\$0.27	\$0.25	\$0.10	-
August	\$0.28	\$0.24	\$0.09	-
September	\$0.32	\$0.25	\$0.10	-
October	\$0.43	\$0.22	\$0.11	-
November	\$0.65	\$0.20	\$0.15	-
December	\$0.63	\$0.21	\$0.19	-
Average	\$0.44	\$0.26	\$0.12	-

Source: The Argentine National Institute for Statistics (INDEC)

Section II: Statistical tables

PSD Table						
Country	Argentina					
Commodity	Fresh Oranges				(HECTARES)(1000 TREES)(1000 MT)	
	2000	Revised	2001	Estimate	2002	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	61000	61000	63000	57800	63000	58000
Area Harvested	55000	55000	60000	52000	60000	52000
Bearing Trees	20000	20000	21500	19000	22000	19000
Non-Bearing Trees	2000	2000	2140	1800	2200	1800
TOTAL No. Of Trees	22000	22000	23640	20800	24200	20800
Production	913	913	780	774	700	540
Imports	7	7	0	0	0	0
TOTAL SUPPLY	920	920	780	774	700	540
Exports	107	107	80	84	90	90
Fresh Dom. Consumption	670	670	540	521	460	300
Processing	143	143	160	169	150	150
TOTAL DISTRIBUTION	920	920	780	774	700	540

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Oranges		
Time period	CY	Units:	MT
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Netherlands	18146		0
Spain	16587		0
Paraguay	13679		0
Belgium	12664		0
United Kingdom	6406		0
Russia	3842		0
Sweden	2231		0
Canada	2150		0
Greece	2061		0
France	1997		0
Total for Others	79763		0
Others not Listed	4188		
Grand Total	83951		0

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Oranges		
Time period	CY	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Spain	153	Spain	43
Mexico	96	Chile	3
Total for Others	249		46
Others not Listed	0		0
Grand Total	249		46

Prices Table			
Country	Argentina		
Commodity	Fresh Oranges		
Prices in	US\$ FOB	per uom	Kg.
Year	2002	2003	% Change
Jan	0.04		-100.00%
Feb	0.03		-100.00%
Mar	0.03		-100.00%
Apr	0.02		-100.00%
May	0.2		-100.00%
Jun	0.27		-100.00%
Jul	0.26		-100.00%
Aug	0.24		-100.00%
Sep	0.19		-100.00%
Oct	0.05		-100.00%
Nov	0.09		-100.00%
Dec	0		
Exchange Rate	2.94	Local currency/US \$	

PSD Table						
Country	Argentina					
Commodity	Fresh Tangerines				(HECTARES)(1000 TREES)(1000 MT)	
	2000	Revised	2001	Estimate	2002	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	38923	38923	39000	39470	36000	40000
Area Harvested	35000	35000	35000	35000	32000	35000
Bearing Trees	14100	14100	15000	15000	14000	15000
Non-Bearing Trees	1500	1500	600	800	1000	800
TOTAL No. Of Trees	15600	15600	15600	15800	15000	15800
Production	501	501	416	464	400	290
Imports	0	0	0	0	0	0
TOTAL SUPPLY	501	501	416	464	400	290
Exports	37	37	46	46	45	46
Fresh Dom. Consumption	418	418	325	377	310	200
Processing	46	46	45	41	45	44
TOTAL DISTRIBUTION	501	501	416	464	400	290

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Tangerines		
Time period	CY	Units:	MT
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Netherlands	16874	Netherlands	133
United Kingdom	9055	United Kingdom	169
Russia	4732		
Canada	3082		
Belgium	2513		
Philippines	2276		
Spain	1485		
Hong Kong	1319		
Paraguay	649		
Poland	516		
Total for Others	42501		302
Others not Listed	3046		
Grand Total	45547		302

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Tangerines		
Time period	CY	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Israel	21		
Uruguay	15		
Spain	12	Spain	6
Total for Others	48		6
Others not Listed			
Grand Total	48		6

Prices Table			
Country	Argentina		
Commodity	Fresh Tangerines		
Prices in	US\$ FOB	per uom	Kg.
Year	2002	2003	% Change
Jan	0	0	
Feb	0.43	0.4	-6.98%
Mar	0.46		-100.00%
Apr	0.41		-100.00%
May	0.39		-100.00%
Jun	0.36		-100.00%
Jul	0.36		-100.00%
Aug	0.35		-100.00%
Sep	0.26		-100.00%
Oct	0.22		-100.00%
Nov	0.02		-100.00%
Dec	0		
Exchange Rate	2.94	Local currency/US \$	

PSD Table						
Country	Argentina					
Commodity	Fresh Lemons				(HECTARES)(1000 TREES)(1000 MT)	
	2000	Revised	2001	Estimate	2002	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	44357	44357	46000	44751	46000	45000
Area Harvested	40000	40000	42000	42000	42000	42000
Bearing Trees	8800	8800	9200	9000	9200	9000
Non-Bearing Trees	2600	2600	2700	2500	2700	2500
TOTAL No. Of Trees	11400	11400	11900	11500	11900	11500
Production	1217	1217	1300	1200	1200	1050
Imports	0	0	0	0	0	0
TOTAL SUPPLY	1217	1217	1300	1200	1200	1050
Exports	245	245	280	250	280	255
Fresh Dom. Consumption	96	96	100	50	40	35
Processing	876	876	920	900	880	760
TOTAL DISTRIBUTION	1217	1217	1300	1200	1200	1050

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Lemons		
Time period	CY	Units:	MT
Exports for:	2002	February	2003
U.S.	0	U.S.	0
Others		Others	
Russia	45694		
Spain	35915		
Netherlands	35191		
Italy	32724		
Greece	28950		
Belgium	20635		
Poland	15396		
Canada	12205		
UK	7330		
Ukraine	7476		
Total for Others	241516		0
Others not Listed	8131		0
Grand Total	249647		0

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Lemons		
Time period	CY	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Spain	71		0
Brazil	23		0
Total for Others	94		0
Others not Listed	0		
Grand Total	94		0

Prices Table			
Country	Argentina		
Commodity	Fresh Lemons		
Prices in	US\$ FOB	per uom	Kg.
Year	2002	2003	% Change
Jan	0.47	0	-100.00%
Feb	0.39	0	-100.00%
Mar	0.35	0	-100.00%
Apr	0.34		-100.00%
May	0.34		-100.00%
Jun	0.32		-100.00%
Jul	0.32		-100.00%
Aug	0.32		-100.00%
Sep	0.31		-100.00%
Oct	0.33		-100.00%
Nov	0.28		-100.00%
Dec	0.24		-100.00%
Exchange Rate	2.94	Local currency/US \$	

PSD Table						
Country	Argentina					
Commodity	Fresh Grapefruit				(HECTARES)(1000 TREES)(1000 MT)	
	2000	Revised	2001	Estimate	2002	Forecast
	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]	USDA Official[Old]	Post Estimate[New]
Market Year Begin		01/2001		01/2002		01/2003
Area Planted	12259	12259	12000	13500	12000	14000
Area Harvested	11700	11700	12000	12150	12000	12200
Bearing Trees	2900	2900	2950	3300	2950	3000
Non-Bearing Trees	396	396	150	345	150	100
TOTAL No. Of Trees	3296	3296	3100	3645	3100	3100
Production	177	177	170	175	170	150
Imports	6	6	3	0	0	2
TOTAL SUPPLY	183	183	173	175	170	152
Exports	24	24	25	22	25	22
Fresh Dom. Consumption	88	88	75	78	70	70
Processing	71	71	73	75	75	60
TOTAL DISTRIBUTION	183	183	173	175	170	152

Export Trade Matrix			
Country	Argentina		
Commodity	Fresh Grapefruit		
Time period	CY	Units:	MT
Exports for:	2002		2003
U.S.		U.S.	
Others		Others	
Belgium	12773		0
Netherlands	3273		0
Spain	2038		0
Russia	1859		0
Greece	578		0
Canada	502		0
Italy	455		0
UK	384		0
France	321		0
Ukraine	237		0
Total for Others	22420		0
Others not Listed			0
Grand Total	22420		0

Import Trade Matrix			
Country	Argentina		
Commodity	Fresh Grapefruit		
Time period	CY	Units:	MT
Imports for:	2002		2003
U.S.	19	U.S.	0
Others		Others	
Israel	563	Israel	216
Uruguay	319		0
Chile	29	Chile	168
Total for Others	911		384
Others not Listed	0		
Grand Total	930		384

Prices Table			
Country	Argentina		
Commodity	Fresh Grapefruit		
Prices in	US\$ FOB	per uom	Kg.
Year	2002	2003	% Change
Jan	0		
Feb	0		
Mar	0.19		-100.00%
Apr	0.3		-100.00%
May	0.29		-100.00%
Jun	0.28		-100.00%
Jul	0.26		-100.00%
Aug	0.21		-100.00%
Sep	0.23		-100.00%
Oct	0		
Nov	0		
Dec	0		
Exchange Rate	2.94	Local currency/US \$	